CHAPTER 1
INTRODUCTION

1.1 Motivation of the study
Globalization as a development paradigm has gained importance from 1980 onwards following Latin American crisis. Based on free market and export led growth model, it is a reversal of the development discourse pursued since the Second World War, which was based on the principle of more strong state intervention and import substitution policy. It provides opportunities for developing countries to strengthen their economy through openness and Foreign Direct Investment. Countries have been compelled to curtail tariff and other protections available for domestic industries through amendments in policies and practices. The other developments that took place along with the above mentioned amendments are drastic changes in fiscal, monetary and industrial policies.

The Indian economy also experienced economic crisis and was forced to introduce New Economic Policy in 1991. India brought changes in economic policy related to Foreign Direct Investment, lowering tariff etc. It also brought changes in monetary policy through devaluation of currency. Industrial policy was amended by de-licensing, opening core industries for private sectors and decontrolling price and expansions. The role of state changed from provider to facilitator in Industrial development.

The major objective of globalization has been the promotion of integration and interconnectedness of local economies with the world economy. This brought intensification in worldwide economic relations. Globalisation comprised with speed and revolution in information, communication and technology brought drastic changes in production process, which affected the industrial workers and trade unions and reshaped the industrial relations.

Globalization provided an alternative path of capital accumulation, which is different from the accumulation process followed under state led growth model with import substitution policy. It helped in capital accumulation through the adoption of new technology, dismantling of national barriers and deregulation of the economy, export-led growth, and the privatization. This development called for restructuring the local
and national economies to facilitate the free-market economy. It reduced the welfare and regulatory measures of state in order to attract private and foreign investments. It also intensified cross border exchange of goods, services, capital, technology, ideas, and information.

Though globalization has become the dominant development paradigm universally, it has not touched everyone to the same extent and affected in the same way. The new imported technology and revolutions in information and communication forced the domestic industries to compete in the global markets. The competition favoured those industries which incurred the lowest costs. Product costs, by definition, depend on wages, the level of technological development and the availability of natural resources. Most of the developed countries have high levels of technology, easily available natural resources and capital, but high wages reduced their competitive advantages. On the other hand, low levels of technology with constraints of capital reduced the chances of the developing countries to benefit from integration and interconnectedness, despite their having low wages and abundant natural resources.

These developments brought competitiveness. The emerged competition compelled countries to bring changes in policies and practices in order to reap comparative advantages. Amendments in policies and practices have now facilitated industries to import technology, attract foreign investment, develop human capital through training and skilling and outsource deskill tasks in informal sectors.

The major lacuna of this development has not been assuring sustained growth and stability either for the country or individual. At workplace it increased the gap between the skilled workers employed in formal sectors and that of informal unskilled workers employed either in formal or informal sectors. In this changed circumstances, economic, social and power relations through worldwide seemed altered. The pyramid existed in pre-globalised era, in which rich nations are at the top and poor nations at the bottom developed as a three-tier structure of concentric circles in each country. In these circles, the elites are located in the core, the next circle consists of the middle class that benefitted to some extent from this development and last circle constitutes the marginalized, excluded and labouring poor. For rich countries, the circle’s proportion is 40-30-30 and for developing countries, it varies from 20-30-50 to 10-20-70 (in Sub-Saharan Africa) (Dunford, 2013).
Theoretically, globalisation is based on the principle of maximizing individual efforts and profits. Everyone is compelled to act in one’s own interest and responds to the opportunities and adjust to the constraints. Opportunities and constraints are available for industries in term of free market and emerged competitions. The fiscal privileges and regulations by the state helped or obstructed industries to compete with other industries. The thrust of profit becomes essential for survival in competitive market.

In order to secure profits, industries consistently engage to innovate and invest for reducing production costs through increasing the productivity of labour, developing new products, force down wages and reduce the number employed.

These initiatives witnessed massive restructuring at firm level. Individual industry underwent for labour saving technology and curtail in labour cost. Reducing labour cost further led to increase labour productivity and labour retrenching. It also brought several adverse consequences to workers. Either they accepted what was offered, or confronted the threat globally through the limited means at their command. Movements like ‘occupy Wall Street’ etc. constitute examples of such protest. Trade unions as collective organisation of working class were also compelled for developing new strategies for protecting interests of workers.

The enterprises/industries that had better technology and restructuring have indeed grown, which was not the case prior to globalisation. It has helped a few industries to grow rapidly and became brands worldwide; Coca Cola, Nike, Sony etc. emerged as major brands and became part of the social life. Like other enterprises, Tata Steel Jamshedpur benefitted a lot by these developments. Tata Steel as a big name for its Corporate Social Responsibility and workers’ welfare has undergone for massive restructuring without any reported disturbance. It would therefore be worthy to revisit the developments at ground level to assess the efficacy of the whole restructuring process, consequences and strategies of trade unions. Considering 1991 as the watermark, when New Economic Policy was introduced in India, the following research questions have been designed based on a case study of Tata Steel, Jamshedpur.

- How and to what extent globalisation has affected industries in India?
- How did restructuring process undergo in Tata Steel Jamshedpur?
- What have been consequences of workers during restructuring in Tata Steel Jamshedpur?
• How did trade unions respond to the consequences on workers during restructuring in Tata Steel Jamshedpur?

The above research questions highlight several issues pertaining to the impact of globalisation on Indian industries in term of restructuring, changing workplaces, workers’ bargaining power, outcomes and consequences, the role of government, trade unionism in India and legal framework. The statement of problem herein illustrates the total developments in the Indian context.

1.2 Statement of the problem
1.2.1 Globalisation and Indian industries
Globalization as a supra-natural or global force has compelled all the countries either north or south and rich or poor to adjust in era of competitiveness. (Desai, 2004) This adjustment manifested in different ways among industries as response to competitive pressure. Industries were re-positioned in a market through acquisition, divestment or changes in location, development or abandoning of products, etc. Globalisation eased the procedures of mergers, acquisitions and outsourcing, and industries were now free to go anywhere in the world for enhancing their profit. Multinationals relocated their production units in developing countries for taking advantages of raw material and cheap labour.

India also led for this adjustment through New Economic Policy in 1991. During acute economic crisis in 1980s, Indian policymakers realized the fact that India could not remain aloof from the world economy and it would be better to swim with the tide and take advantage of the globalisation. Defying the market could no longer be the solution for the stagnant economy that was persistent since 1960s. Along with other policy changes, New Economic Policy encouraged Foreign Direct Investments (FDIs) in several sectors in the form of equities and not debts, which have been common in Indian economy since Independence.

The economic reforms of 1991 known as Liberalisation, Privatisation and Globalisation model (LPG) allowed Indian industries to integrate with the world economy through linking local production to the circuits of global capital. Market became the driving force and compelled the Indian industries to survive through cost-reduction, product varieties and better business strategies. Industrial production came
to be determined by the profitability of private investments, and industries began to continuously expand capital-stock in the process of accumulation. By socializing private investment risk, the Government supported the industries in executing innovative ideas. Further, development of new cost-saving, efficiency enhancing technologies, innovation in organisational structures and the availability of a skilled workforce facilitated Indian private industries to emerge as world class.

Heavy industries attempted to become leaner and technology intensive and welcomed foreign partners for sharing projects. The above developments have had profound effects on the employment patterns and work relations. It allowed segmentation of labour market and resulted into informalisation and increasing utilisation of casual labour in jobs of permanent nature. Excessive competition and flexibility provided ascendancy for managerial rights over worker’s rights, and the employer got more control over the labour process than earlier. Trade union militancy transformed into employer militancy.

Management’s vulnerability reduced by multi-site locations, scaling or scrapping down certain operations. Industrialists were enabled to declare lockout or closure of one plant without affecting overall production, market share or profitability. The industrial units were closed more for shutting-down rather than due to labour unrest after 1990. Such measures reduced the labour’s bargaining power and provided the much needed flexibility to employers for restructuring production systems. Management had started redefining work standards, upward revision of production target, increasing the scope of the job description, and unilateral decision making, ignoring the trade unionism (Ghosh, 1995).

Such restructuring steps brought injustice to the industrial working class. It was not limited to mass layoffs and job losses; it has had far-reaching effects on workers and became a complex and interrelated set of processes, with the multiple repercussions. It also led to a change in the approach of the worker; change in the qualifications and competencies required; and gave rise to a demand for increased individual or collective performance. Most protected workers like those in government-controlled entities faced the heat. A very few took it as an opportunity and improved their situation, while most others who had less skills and less adaptability, endured severe loss of income, prolong unemployment and exclusion from the labour market.
Restructuring has emerged as a permanent process and provided ascendancy to mobile capital over immobile labour. It persisted for a long periods of time from several months to several years. Even profitable firms considered cutting jobs, reorganising production, externalising and off-shoring as daily option, rather than as exceptional decisions. Separation from job has been very common in the restructuring process and it comprised both voluntary and involuntary separation. Involuntary separation included dismissal and redundancy and voluntary separation included early retirement and resignation or giving up jobs for health, family or other personal reasons.

Labour restructuring that followed globalization in Indian industries was mainly of three kinds. (Ghosh, 1995). Firstly, the workers were not retrenched but adjusted in other units or plants or locations by making them employable through re-skilling or retaining. Workers enjoyed job security, more pay or benefits and organisations profited by rationalisation of the workforce, cutting unit labour cost with no or minimal fresh recruitment. This is a high road of restructuring in Indian industry.

Secondly, the restructuring process comprised of retrenching surplus workers. Most industries had no scope for expansion and labour force became expensive and unmanageable. The labour cost often amounted to 25-30 per cent. Further, the hostile and inflexible attitudes of workers like the increasing refusal to retraining/redeployment, etc. made them unsustainable. Industries retrenched the workers on a mass scale through several separation schemes such as Golden Handshake, voluntary retirement, layoff through lock out of some units, etc. This is a low road of restructuring in Indian industry.

The third restructuring process has been dual employment relations that emerged due to the lean production or the Toyatist model. It reorganised work to reduce cost. Works were separated in core and periphery; permanent or regular workers were employed in core or main operation and non-core or peripheral jobs were either outsourced or performed by casual or contract workers. New management techniques such as ‘Total Quality Management’, ‘Team work’, ‘Quality Circle (QC) etc. were introduced at the shop-floor level for improving collective performance. These techniques intended to increase autonomy of the workers and their participation in decision making at the shop floor has created work intensification through peer
pressure. This also seeks the commitment or attachment of the workers towards the whole job done and not just performing their part of the job (Post & Slaughter, 2000).

1.2.2 Occurring changes at workplaces

The emerging workplaces are embedded with information technology and new forms of organisation. It has provided precedence to knowledge or skill work over traditional functions of labour. The power and control at workplaces are fused with innovation and technology; this gives an upper hand to management and often alienates the workers from each other. This shows the increasing individualism and failure to collectively resist power. The newness is reflected in workers’ attitudes which eschews traditional collectivism and emphasises individual interests. The management is continuously involved in escalating this by intensification of work with the help of employee involvement and customer consciousness (Danford & others, 2003).

The profile of workers seems to have changed. The traditional working class is now no more than a privileged minority. The majority of workers have no job security and definite class identity. The workers generally employed in services sectors appear to be accepting the need for the emotional labour, customer consciousness and entrepreneurial values. They have re-invented themselves as new model workers, which looks ready and willing to abandon collective solidarity with their work peers in favour of the goals of the employer. The emerging emotional labour satisfies the management’s need for behavioural compliance at workplaces through expressing their ability to display different aspects of surface and deep acting as part of the job.

Besides the need for emotional awareness, workers are said to be in need of more agility or possessing aesthetic qualities designed to please the customer. This new model worker looks as direct product of more sophisticated human resource management (HRM) procedures of recruitment, selection and training. In these workplaces, the old ideas of collective dependency on the employer for welfare and job security are assumed to be abandoned in return for the employability of the new worker. It looks concentrating on personalised rather than the collectivised contracts, and assumes a new sense of individual responsibility for career and skill development. It also helps in management’s effort to win the hands, hearts and minds of the workers.
for commitment and organisational goal. The increased insecurity in labour market, non-collectivist attitudes and non-union workplaces has further made the workers more compliant to the management’s objectives.

The economic reforms was implemented in India for employment generation, its focus later shifted towards increasing national growth rate, global market share, increase shareholder value and labour productivity and not solely employment generation as it claimed. The era of secure employment looks over excluding in some government jobs and the element of uncertainty and unpredictably is too apparent in post-liberalization employment scenario. Fluctuating economics, restructuring, technological advancement, disinvestments, closures, retrenchments destabilised job security are reflected both as a value and as a practice (Joseph, 2004).

The workers seem to be a dispensable commodity linked to the vagaries of the market. The vulnerability of job insecurity looms large while no concrete social security cover has existed in India. The onus is on the individual worker to make him/her employable through continuous improvement of knowledge, competencies and skills. The emerged workplaces assign new roles, responsibilities, tasks and targets for extracting the maximum output from every worker. It places task and organisation above family and leisure and consistent high work pressure with no or little recognition or compensation. Part-time work, flexitime working, home based working, multifunction role, staggered work allocation, etc. have become common features (Joseph, 2004).

Globalisation based on maximising self- interest has overturned the communitarian nature of Indian industrial working class and society. Instead, it has promoted individualism among the Industrial workers and societies. The individualism was injected into shop floor through the process and activities of human resource development strategies ((ibid)

The emerging workplaces are also witnessing drastic changes in term of outsourcing, downsizing, casualization and informalisation. Janitorial and non-core function are outsourced. Outsourcing could be treated as a type of freedom that permits an industry to free itself of certain tasks that it cannot want to perform for reducing costs or bring
expertise. Outsourcing enables firms to be lean and mean. Downsizing is being done through non-replacement of the retired or superannuated post and early retirement.

Establishment of independent subsidiaries to lower the labour cost has become the norm, and the increased utilisation of non-standard employment as part-time, temporary and contract has brought greater flexibility in employment. It has facilitated the industries to assemble temporary workers for projects and rely more on the agency or the contractors. Contract work and part-time employment can be easily decreased or increased and moved to different locations in a short period or during the day. The diversified employment relations admits three or more intermediate tiers in production chain, which enables industries to shift the liabilities and responsibilities to the contractors/suppliers or the workers (Webster, 2005)

Increasing utilisation of capital intensive and modern technology has forced large numbers of workforce into several forms of informality (Standing, 2008) as casualization, informalisation and contractualisation. Casualization is a shift from regular, quasi-permanent employment to the use of workers in a short term employment arrangement. Informalisation is the process to shift the production activities into slums or low productivity zone outside the circuit of capital. Contractualisation reflects in increasing contract workers employment in perennial work.

Two types of informalisation are found at the workplaces: ‘Informalisation from above’ and ‘Informalisation from below’ (Theron, 2010). In firstly, employment is increasingly externalised, resulting several categories of workers located in the formal economy to which labour standards are denied. And in secondly, informalisation process manifested by the expansion of self-employment and survival activities outside the formal economy or the circuit of the capital. This has resulted in survivalist strategies emerging from the streets and backyards of the inner cities (Sanyal & Bhattacharya, 2009).

1.2.3 Bargaining power of labour

Bargaining power is crucial for industrial working class, which helps to protect their interests. It can be seen in several forms in workplaces as marketplace bargaining power, workplace bargaining power and associational power. Marketplace bargaining
power entails the status of labour in labour market. Workplace bargaining power is incurred through workers’ position at workplace. Associational power is gained through strong labour movement and trade unionism. Trade Unions may raise the threat of complete labour withdrawal by the strikes and employers may not be able to replace immediately the striking workforce. It could also depend on trade unions’ capacity to prevent or control the supply of workers to the industries in the event of labour withdrawal. Craft unions have marketplace bargaining power in view of the fact that labour market could take time to provide additional supplies of skilled workers. Labour turnover cost and imperfect substitution for the incumbent workers in industries can also increase the bargaining power of labour.

Changes occurred at workplaces because of globalisation reflect severe or terminal crisis in bargaining power of the labour (Silver, 2003). Marketplace bargaining power has been undermined by the presence of a large number of the reserve army of labour or casual workers. The displacement and migration of rural people have forced more individuals into the urban labouring poor. Workplace bargaining power has been reduced through technological up-gradation and automation of the production process. Homogenizing and deskill ing industrial work for the core functions and flooding subcontractors for the peripheral work such as cleaning has reduced the workplace bargaining power. The workers could be easily replaced with little or no industrial experienced workers.

Associational power largely depends upon the statutory framework designed by the state. Shifting from intervention to facilitation to the industries, the State has now left the workers to the whim of employers. The diversified workforce and several crises in trade unionism have also helped in reducing associational bargaining power. The upper rungs of workers have strong workplace bargaining power but fewer grievances and mostly guided by the Human Resource Management.

Human Resource Policies look sufficient to address the requirements of upper-rung workers. They are now physically and psychologically separated from lower rung workers, who have greater grievances and less structural power. Employment in personal care, retail sector, childcare, catering, entertainment etc. has increased which have informalising attributes. With the weak workplace and marketplace bargaining power, workers in these sectors have been obliged to accept minimum wages and
informal work practices. Major portions of workforces which could be source for associational power have less penetration of the trade unions.

1.2.4 Outcome and Consequences
Globalization in India triggered the high economic growth from the long slumber of stagnant growth of the 1970s, and showed quick and efficient recovery from the acute economic crisis of 1991. India became $1.8 trillion economy in 2013 and the fourth largest in the world in the last two decades. India has performed very well in economic growths, exports, service sectors, information technology and telecommunication (Dev, 2013).

The real GDP growth after 1990s increased at a very impressive rate. After 1991, India’s economy has become increasingly open, and annual growth (rate) has accelerated to around eight percent in most of the successive years. Foreign Direct Investment increased from $ 0.13 bn in 1990-91 to $ 30.3 bn in 2010-11. Forex Reserve went up simultaneously and reached $ 0.97 bn in 1970-71, $ 5.8 bn in 1990-91 and $ 274 bn in 2010-11. Indian exports also increased and touched $ 2.1 bn in 1970-71, $ 18 bn in 1990-91 and $ 245 bn in 2010-11 (ET bureau, 2011). Administrative measures in 1980s and reforms in 1991 have resulted in improved industrial performance from 4.4 per cent in 1980s to six per cent in 1990s. It further increased over time, and reached 8.5 percent during 2000-10.

Although manufacturing sectors did benefit from the economic reforms, their share in India’s GDP has remained in the range of 14-17 per cent in last two decades, compared to 30-33 per cent in China. Employment share has been almost same around 10-12 per cent since 1987-8. Indian economy also reflects a mismatch between GDP and employment in different sectors. Agriculture is still dominant in employment with 51 percent share, but its contribution to GDP has declined to 14 per cent over time. The share of services sector in GDP is around 60 per cent, but its share in employment increased to 26.7 per cent in 2009-10 from the pre-1990 figure of 15%.

The major development occurred in the last decade was the significant growth of construction sector; its share in employment increased from the pre-1990 figure of 1.84 per cent to 9.60 per cent by 2009-10. A major worrisome post-reform
development was the sharp decline in employment growth; it declined from 2.44 per cent during 1972-83 to 1.50 per cent during 1999-2000. A similar decline is seen in all sectors except construction. While employment growth in manufacturing sector witnessed a decline from 4.28 per cent during 1972-83 to 1.95 per cent during 1999-2010, construction sector witnessed a growth in employment from 4.43 per cent to 9.72 per cent during the above period (Dev, 2013).

Employment increased in the organized sectors during the initial years of economic reforms, but during the years 1997-98 to 2003-04, 0.73 million workers lost their jobs, 0.52 million of which were industrial workers. This retrenchment occurred despite the Industrial Dispute Act, 1947 which prohibits retrenchments of workers without government permission in industries that employed more than 100 workers. It was achieved through legitimizing retrenchment via Voluntary Retirement Schemes.

Government utilized several means to create flexible labour environment, of which Voluntary Retirement scheme (VRSs) has been the most popular. By September 1996, 85,000 workers in state-owned firms had been retrenched through one or the other VRSs. The increasing willingness of workers to opt for VRSs was cited as evidence that labour has woken up to business realities. However, the trade union leaders contradicted saying it was due to the uncertainty created by the government betrayals that caused workers to lose hope and take whatever they could get. The government and industrialists had created an atmosphere in which trade unions had few options other than to make massive concession to industries. As a study by the Maniben Kara Institute reveals, 63 per cent of workers who accepted VRS did not opt it voluntarily, but due to industrialists’ threat of illegal lock out. Another study conducted by the All-India Management Association found that Industrial Disputes Act, 1947 was ineffective in dissuading firms from closing down unviable production units (Jenkins, 1999).

Government has pursued its policy of back door labour reform by allowing the industries to substitute regular workers with the contract or casual workers. In the absence of a legal exit policy of permanent workers, industries relied on contractualisation of workforce, and contract employment ballooned in India. While the Contract Labor Act, 1970 states that industries are permitted to hire workers only for seasonal or non-perennial type of work, government turned a blind eye to the
abuse of this provision. Permanent or directly employed workers witnessed a negligible growth of 0.38 per cent during 1995-96 to 2009-10 compared to the growth in the proportion of contract workers by 8.70 per cent. Growth of permanent workers experienced negative 3.15 per cent during 1995-96 to 2002-03. From 2003-04, while organized sector employment saw a revival, the contract employment grew by 12.4 per cent as compared to the 5.1 per cent growth of permanent workers. The share of contract workers in organized sector rose from 10.5 per cent in 1995-96 to 25.6 per cent by 2009-10; simultaneously the share of permanent worker declined from 68.3 per cent to 52.4 per cent (Sood & others, 2014).

Indian Industries have experienced a significant increase in labour productivity and a decrease in unit labour cost. The trend of wage –profit ratio has not been very stable. While profits increased up to 56 per cent, a growth rate in wages (in real term) of permanent workers remained stagnant or showed negative growth. In the 1980s, it was 4.38 per cent; in 1990s it witnessed zero or 0.08 percent and in the 2000s, growth was negative at 0.19 percent. The wage of contract workers and managerial staff witnessed positive growth of 3.25 per cent and 5.32 per cent respectively (Sood & others, 2014). The 3.25 per cent growth of contract workers’ wages is not very significant due to the high inflation rate and in terms of the minimum wages prescribed for industries.

The increased utilization of contract workers is justified by industrialist in terms of flexibility and cheap availability. However, more reliance on contract workers for minimizing cost attracted severe labour unrests in Indian industries.

Even the number of industrial disputes coming for adjudication has declined, from 2856 in 1980 to 431 in 2010, but its intensity seems to have increased and resulted in violence in certain pockets of industries. The man-days lost in 1980 were 21 million by involvement of 2 million workers. Eighteen million man-days involving 1 million workers were lost in 2010. Even though the number of labour disputes has declined over time, the number of workers involved and man-days lost have been showing an increasing trend. The ratio of disputes recorded during 1980:2010 is 6:1; in contrast the ratio of man-days lost through involvement of workers is 1:5. (See table 1.1)
Table 1.1 Number of disputes, workers involved and mandays lost

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of disputes recorded</td>
<td>2856</td>
<td>431</td>
</tr>
<tr>
<td>Number of workers involved</td>
<td>1900</td>
<td>1064</td>
</tr>
<tr>
<td>Number of man-days lost</td>
<td>21 Million</td>
<td>18 million</td>
</tr>
</tbody>
</table>

Source: AIOE

In first decade of 21st century, the nature of industrial unrest was more severe. It erupted into violence in some modern industries, where managements preferred non-unionized workers and contractualisation of workforce. In this context, some recent cases of industrial violence in the country need to be noted.

On Sep 22, 2008 the CEO of Graziano transmission India, the Indian unit of an Italian auto component maker, was clubbed to death by a group of 200 workers. In March 2011, a Deputy General Manager (Operations) of Powmex Steel, a unit of Graphite India Ltd was killed. In July 2012 a human resource manager was killed in Maruti Manesar Plant through vandalizing and setting fire by a group of workers.

These incidents and the others mentioned in table 1.2 occurred mostly in the manufacturing and automobile industries during 2006-12. The industries/firms involved include Hyundai, Honda, Bosch, and Maruti Suzuki etc. These are the ones considered high across industries in terms of wages and labour relations. The far longer strike in Maruti at Manesar in 2011 adversely affected the company production and the state revenues. As per estimation, Maruti Suzuki made a loss of INR 400 million or roughly $9 million a day in revenue because of the strike, with an output loss of 1,200 vehicles a day.

The demands of the striking workers as the registration and recognition of a new union at the Manesar plant, retaining contract workers for the two upcoming new units in the complex and withdrawing disciplinary actions against the 11 office bearers of the new union. The strike not only affected Maruti Suzuki but also directly affected the supply chain of vendors supplying auto-parts directly to Maruti. Over 100 units suffered a virtual shutdown, while 300-odd manufacturers, who were indirect vendors, reported a daily loss to the tune of 15-20 per cent (AIOE).
The incidents mentioned in table 1.2 entail the changing nature of labour unrests in a globalized era. The causes of labour unrests in pre-1990 were mainly confined to wages, bonus, working conditions, inter/intra union rivalries and due to external influence. In contrast, now issues related wages, recognition of the trade union and the casualization of work is caused for unrests. External influences in labour issues have waned over time.

Table 1.2 Labour unrests in 21st century

<table>
<thead>
<tr>
<th>Year</th>
<th>Company</th>
<th>Cause of labour unrest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 2006</td>
<td>Toyota</td>
<td>Dispute over wages and temporary workers</td>
</tr>
<tr>
<td>Apr 2006</td>
<td>Hero Honda (Gurgaon)</td>
<td>Temporary workers demanding better working conditions and wages</td>
</tr>
<tr>
<td>Sep 2006</td>
<td>Honda motorcycle &amp; scooter Ltd (Manesar)</td>
<td>Contract workers demanding better terms of work</td>
</tr>
<tr>
<td>Jan 2007</td>
<td>Delphi(Gurgaon)</td>
<td>Temporary workers demanding minimum wages</td>
</tr>
<tr>
<td>Jun 2007</td>
<td>Hyundai Motor India Ltd (Chennai)</td>
<td>Demanding union formation</td>
</tr>
<tr>
<td>Sep 2007</td>
<td>Bajaj Auto Ltd (Pune)</td>
<td>Owing to high cost of operation in Akurdi plant, the company decided to shift operation to a plant in Aurangabad. The management directed its staff to stay at home in Sep. 2007 and avail themselves of ‘idleness pay’ till they retired and denied them entry into the factors</td>
</tr>
<tr>
<td>Apr 2008</td>
<td>Automax (Gurgaon)</td>
<td>Demanding regularisation of casual workers</td>
</tr>
<tr>
<td>May 2008</td>
<td>Hero Honda</td>
<td>Demanding inclusion of temporary workers in permanent workers’ union</td>
</tr>
<tr>
<td>May 2008</td>
<td>Graziano transmissions (Noida)</td>
<td>Demanding union recognition</td>
</tr>
<tr>
<td>Nov 2008</td>
<td>Bosch India (Jaipur)</td>
<td>The firm terminated 118 regular workers and 59 apprentices citing slowdown in automobile industry</td>
</tr>
<tr>
<td>May 2009</td>
<td>Sunbeam Auto Ltd (Gurgaon)</td>
<td>Demanding re-election of the management controlled union</td>
</tr>
<tr>
<td>July 2009</td>
<td>Bosch Chassis system India Ltd (Pune)</td>
<td>85 day strike demanding wage rise for contract workers</td>
</tr>
<tr>
<td>Aug 2009</td>
<td>Honda motorcycle &amp; scooter Ltd (Manesar)</td>
<td>Three months of conflict over new wage agreement</td>
</tr>
<tr>
<td>Sep 2009</td>
<td>Pricol (Coimbatore)</td>
<td>Demanding union recognition</td>
</tr>
<tr>
<td>July 2010</td>
<td>Toyota</td>
<td>Over wages and temp workers</td>
</tr>
<tr>
<td>Jun 2011</td>
<td>Maruti Suzuki India Ltd (Gurgaon)</td>
<td>Demanding union recognition</td>
</tr>
<tr>
<td>Aug 2010 &amp; 2011</td>
<td>Volvo</td>
<td>Over wages and temporary workers</td>
</tr>
<tr>
<td>Sep 2011</td>
<td>Bosch India (Bangalore)</td>
<td>Outsourcing of work</td>
</tr>
<tr>
<td>Oct 2011</td>
<td>Dunlop India Ltd (Hooghly)</td>
<td>Wage issues and labour indiscipline</td>
</tr>
</tbody>
</table>

Source: Business line, 24th Oct 2011
1.2.5 The role of Government

The government has crucial role to play in resolving industrial disputes and had pursued a pro-labour policy till recently, but this position seems to have changed with the onset of economic reforms in the 90s. The government’s focus now is on creating a congenial business climate through de facto alterations to previous norms rather than ensuring the well-being of workers. Under the Industrial Disputes Act, 1947, the government enjoys full discretionary power whether or not, when, and how to intervene in industrial disputes. It may or may not decide to conciliate, it may refuse to send a dispute for adjudication or it may even decide not to implement the award of a labour court or industrial tribunal. It may also prohibit strikes or lock-outs, or may refuse permission for a lay-off, retrenchment or closure. No court can take cognisance of an offence under the IDA, by way of an illegal strike/lock-out/lay-off/retrenchment/closure, unless the government formally notifies such an action as illegal and makes a complaint in a court (Jenkins, 1999).

Government now deems fit not to utilise its power to resolve industrial disputes; instead it lets the situation to escalate through duplicitous acts as delaying interventions, the beneficiary always being the employer. Industrial workers look helpless as they are located at the receiving end of management’s whimsical decisions. Trade unions could be helpful in this context, but trade unionism in India did not emerge as strong and independent organisation for several reasons. Paternalistic labour relations based on belief that the state knows more about workers’ needs than the trade unions hindered the growth of strong trade unionism. Recognition, rivalries and political intervention have been other reasons for weak trade unionism in India.

1.2.6 Trade unionism in India

Trade unions in India or worldwide were active in two fronts in the years after the Second World War: Firstly in facilitating production and ensuring an equitable distribution of the income generated through bargaining and negotiations at the enterprise level, industry/ sector level or national level; and secondly, playing a representative role in providing voice and identity to labour at the workplace, and in the society at large (Jose, 2004). Trade unions stabilized and became (active as pressure groups in politics as well as working for the welfare of the workers) the
social partners in development. Unions also helped a lot in building harmonious industrial relations and peaceful settlement of disputes, which was essential for industrial development. It also contributed to improving living standards, and ensuring equity and justice to the workers all over the world.

During the process of industrialization throughout the 20th century, trade unions built up organizational strength and capacity to mobilize their constituency. Unions influenced the design and development of the post second world war construct of industrial relations. This construct helped to achieve a system of full employment with the help of legislations and worker’s social security. The other important features of this construct were job security for individual workers, control over working time and safety standard and the collectively negotiated wage structures.

According to Kuruvella & Erickson (2002), trade unionism in India is categorised as the politicised multi-union model for strong ties between the major political parties and trade unions. Trade unions have been criticised for being fragmented on party lines and not united for workers’ interests. Existent trade unions have focus exclusively on firm level issues related to wages and working conditions. They hardly have concern for the long term/broader issues of the working class. This has been weakened labour politics in India, which had made some presence in the 1960s-70s (Roychowdhury, 2008).

After the 1980s, trade unions in India began to face serious challenges such as structural, organisational, political and judicial. The privileges obtained during the period of planned development began to erode. The organisational strength witnessed a declining trend due to shrinking permanent workforce in organised industries and dominance of private sectors which discouraged trade union activities as far as possible.

Trade unionism in India saw the last upsurge in Mumbai Textile Strike 1982 under the leadership of Datta Samant which lasted two years and ended in failure. The scourge of multi-unionism and inter and intra rivalries of the 1960s-70s diluted the bargaining power and also earned a bad name for trade unionism. Trade unions tagged with a negative image by calling strikes on unjustified demands and brought the economy to standstills in pre-1990. Increasing involvements of local mafias in mediating labour
disputes after 1970s escalated the negativity of trade unionism in public perception (Seth, 1993).

Failure of the Mumbai textile strike under Datta Samant prevented trade unions from calling for strikes frequently, and for a long time. They became defensive and their strategy witnessed a shift from strikes to law suits. Instead of pressing for higher wages and improved benefits, they came to focus on maintenance of existing benefits, legal protection and claims over non-payment of agreed wages and benefits.

Increasing proportion of informal workers and the problem inherent in organizing them allowed little or no penetration of traditional trade unions affiliated with political parties. Though NGOs and non-political unions could make inroads into the fold of informal workers, but their struggle revolved around welfare and human rights not labour right. Emerged employment relationship had not linear like traditional industrial setting. It developed as triangular which forced informal workers to direct their demand towards the state and not the employer (Agrawala, 2008).

Fragmented on craft, caste and regional lines, trade unionism is now trapped in crisis. Unions have failed to bring about solidarity among the working class and have become mere pressure groups for the electoral gain of their political masters. The industrial working class should never be made paws in electoral politics. What they gained in 1960s-70s was due to the efforts of government and political parties, not their own contribution. Labour politics could not become like identity politics, which had been the case during 1990s.

Three types of central trade unions have been active in organised sectors in post-independence era. Left supported unions like All India Trade Union Congress (AITUC) and Centre of Indian Trade Union (CITU) focused on increasing their bargaining power for political gains. Hind Mazdoor Sabha (HMS), which was an outfit of the Socialist Party initially, latter concentrated on increasing bargaining power of labour but not for political gain. Indian National Trade Union Congress (INTUC), the labour wing of Congress Party and Bhatiya Mazdoor Sangh (BMS) an outfit of Bhartiya Janata Party (BJP) cooperated with management for ensuring industrial peace and harmony.
Due to their minimal intervention in the problems of informal workers and concentrating only on organised workers, the Central trade unions have unwittingly provided space for other organisational players like National Centre for Labour (NCL) and the New Trade Union Initiative (NTUI). These entities are not affiliated to or sponsored by political parties. NCL’s focus is on self-employment and casual labour in the informal sector while NTUI’s focus on contract employment and bringing together the struggles of both formal and informal workers. Self Employed Women Association (SEWA) is another entity that concentrates on issues of informal women workers and combines characteristics of both a trade union and a cooperative. SEWA consciously focuses on the poor among self-employed and has promoted cooperatives among women in diverse trades– from home based workers in manufacturing to women employed in rag picking and waste collections.

1.2.7 Legal framework
Favourable labour legislations are essential for employment protection, social security and welfare measures. Industrial workers in India are more privileged in this context. Labour is kept in concurrent list in the Constitutions and regulated by both union and state laws. Currently, industrial workers are regulated through 44 central laws and more than 100 state laws. The main laws related to trade unionism are Trade Union Act, 1926, which was amended in 2001; Industrial Dispute Act 1947; Factories Act, 1948; and Contract Labour (Regulation and Abolition) Act, 1970.

Trade Union Act, 1926 legalises trade union activities by providing immunity from criminal offenses and right to form trade union for negotiation with management on work related issues.

This act was amended in 2001 with the provision that a trade union can be registered only when 10 per cent (subject to a minimum of seven) or 100 workers of the concerned units are members. Earlier, only seven members were required for registering a union. The mandate of trade union for recognition is still imprecise, varies across states and mostly depends on employers’ attitude.

Industrial Dispute Act, 1947 lays down the procedures for resolving labour disputes. The lacuna of this Act of that it ignores collective bargaining and stresses on conciliation, arbitration and mostly adjudication. Adjudication is very lengthy and
complicated process and largely depends upon government and judicial initiatives for earlier conclusions. This Act also regulate strikes, lock out, closure, lay off and retrenchments. It provides highly protective measure for regular workers, which prohibits management to lay off in units with more 100 workers. Several industrialists consider it as the main obstacle for not occurring labour reforms.

The Factories Act, 1948 regulate conditions in the workplace; it prescribes measures for safety and welfare of workers while executing tasks in the workplaces. It insists on providing sufficient canteen facilities, cleanliness, hygiene and space for the workers to perform the job. It also regulates working hours, overtime and other work related issues.

Another major legislation, the Contract labour (Regulation and Abolition) Act, 1970 prohibits utilisation of contract workers in perennial job. A lacuna in this Act is that Perennial type of work in industries is not defined and leaves it to the state governments to notify this. Earlier canteen, cleaning and loading-unloading were the part of perennial work. Now, these jobs are counted as non-perennial. Major violations of this Act could be easily seen among industries. The State government has been blind to this, presumably to encourage private investment and seldom specify perennial versus non-perennial type of jobs in the industries, especially after the onset of economic reforms in the 1990s. Industries oppose any government intervention in this regard and question how government can specify perennial/non-perennial work without having sufficient expertise. Now it is at the discretion of the industry as for which job they hire regular workers or contract workers. Industrialists prefer contract workers as they are easy to hire and fire and also to minimise labour cost.

Labour department turns a blind even to even extreme cases of labour law violations and/or often takes the side of industries through delaying registration on of complaints on flimsy technical grounds. As being a conciliation authority, labour department does not have much authority to pressurise managements to resolve labour disputes. It orders for negotiation between labour and management, but most of the time management overlooks the instructions. Then department sends a failure report to government, and it depends on State/Central government to refer or not refer the dispute to labour court or tribunal.
Repeated judicial interpretations and reiteration of labour laws after 1990 have failed to provide any relief to workers in the case of retrenchments, plant closure or increasing utilisation of the contract workers. It has legitimised increasing utilisation of contract workers for perennial work, non-regularisation of casual workers on the basis of long service and perennial type of work, etc. In the case ‘Secretary, State of Karnataka Vs. Uma Devi’ regarding, temporary, contractual, casual, daily wages or ad-hoc workers, the verdict delivered by the constitution Bench of the Apex Court was that the above category of works have no right to claim regularisation of services on the ground of the their long service and contribution to work being equal to that of the regular workers (Srivastava, 2012).

More domination of market economy could create social unrests, as mentioned by Karl Polanyi. Social unrests in this era often morphed into industrial violence. Workers started to take drastic steps for union formation and recognition. Human resource strategies did not perform well for low rung workers. Trade unions as a collective organisation of workers seem to have helped at this juncture. It is an open question as to what extent unions have succeeded in protecting workers’ interests in the face of the challenges posed by post-reform government apathy and unfriendly management practices. What have been its roles and responses during economic reforms? It would be interesting to know this, and this study seeks to fill this gap through a case-study of trade unionism in Tata Steel Ltd Jamshedpur.

1.3 Objective of the study

In this background, the study has three objectives.

1. To study the globalization effects on industries in India;

2. To acknowledge the industrial restructuring and their consequences on the workers in Tata Steel Jamshedpur.

3. To examine the responses and behavior of the trade union in Tata Steel Jamshedpur.

1.4 Setting of the study

1.4.1 Tata Steel Ltd Jamshedpur

Tata Steel, an integrated Steel Plant, has completed more than 100 years of existence. It has witnessed all three stages of industrial development, pre-independence, post-independence and globalised era (post-1990s). Overcoming several challenges, Tata
Steel has now extended its production to ten million tons per year in its Jamshedpur plant. Initially established to produce 0.15 million tons, it has continued to flourish at every stage in its long journey. In 1955, Tata Steel was allotted captive mines on the lines of the public sector undertaking Steel Authority of India (SAIL) and also permission to expand production to 2 million tons. After that, production could not be increased till about 1990 because of the restrictive measures imposed by government to prevent the entry of private sector enterprises in primary sectors and also government control over price and distribution. (Tata Steel, 2012).

During 1970s, Tata Steel continued to operate on ‘cost plus margin model, despite the problems it faced like plant and equipment obsolescence, excess employment and low productivity, like public sector steel industries. Its commercial successes owed much to its managerial autonomy and participation in the state-led price cartel in the sheltered domestic market (Costa, 1999). When government brought relaxation in Indian economy through administrative measure in 1980s, Tata Steel started its modernisation phase which intensified in the 1990s, and continued till 2013. These initiatives increased its production from 2.4 million tons per annum in 1991 to 10 million tons per annum in 2013 in its Jamshedpur unit.

In 1960s-70s, Tata Steel had focused on developing good industrial relations, corporate social responsibility, social philanthropy and workers’ welfare. It had earned lavish praise worldwide for these initiatives. Social philanthropy and workers’ welfare had received first priority rather than steel production. The slogan “we also make steel” was very famous during that period. It also emulated the public sector norms like hiring locals and workers’ offspring as mandated by the logic of “son of soil”. On line of this 2000 local unskilled and contract workers were recruited in 1980s, even though modernisation was under way.

But after the economic reforms of the 1990s, Tata Steel was also compelled to reduce the workforce and increase productivity in order to remain cost competitive and survive in the market. The company restructured its production unit at Jamshedpur without any major labour disputes and emerged as an oasis of industrial peace and remained a pioneer as far as industrial relations are concerned. It is remarkable that while modern industries like automobiles were facing severe labour crisis, Tata Steel could successfully complete the restructuring process by reducing workforce from 80
thousand to 35 thousand in the last decade and increase production from 2.4 million tonnes to 10 million.

1.4.2 Trade unionism in Tata Steel

Like in Indian trade unionism, trade unionism in Tata Steel has a history of more than 90 years. Initially, Tata Steel management tried to control its workers by creating divisions among them at the place of production (at workplace through employment, wages) as well as at the place of reproduction (by managing the township and civic amenities). In spite of authoritarian mode of management and coercion, workers united themselves against the company and struck work in 1920, 1922 and 1928. They also formed Jamshedpur Labour Association (JLA) for their collective action in 1920.

Jamshedpur Labour Association struggled for five years for recognition and got it after the intervention of Mahatma Gandhi. National leaders such as Motilal Nehru, Rajendra Prasad and Subhash Chandra Bose had been involved with trade unionism and labour unrests in 1920s and 1930s. The hostile attitude and attack on labour rights by management had created chaos in Jamshedpur during that period. After the 1940s, the threat of communism in labour movement and the crucial role of the Congress Party after independence made the Company cautious. It bought industrial peace through the cooperation of the labour wing Congress Party (INTUC) at the national level and Tata Workers Union affiliated with INTUC at Jamshedpur (Bahl, 1995).

Trade unionism in Tata Steel stabilized after Indian independence, which marked the beginning of peaceful labour relations and good cooperation with Tata Workers Union (TWU) (earlier JLA). The union-management relations remained most cordial even after 1950. The company signed an agreement with TWU in 1956, which was widely praised. It was considered an outstanding example of collective bargaining and lauded as a landmark in the history of Indian trade unionism. This agreement brought lavish praise from all corners. In this agreement, management recognized TWU as the sole bargaining agent for workers and the union agreed the right of management to take disciplinary action.

The trade unionism during the 1960s to 1980s got new dimensions in Jamshedpur. Communist influence increased among the trade unionism and AITUC affiliated
union called for a strike in 1958. Tata Steel did not consider it as strike because it was not called by its recognized union. However, this strike caused production loss and two persons were killed in police firing. Jamshedpur was again trapped in labour strife in 1969 during engineering industries, which lasted for over 40 days. This strike however did not affect Tata Steel directly. After that, no major incidence of labour strife was reported excepting the failed contract workers’ strike in 1981, and Tata Steel celebrated 75 years of uninterrupted production and harmonious relations 2003.

The paternalistic approach of the company and workers’ welfare measures including dependent-employment and timely wage revisions helped to mollify workers’ grievances, and they remained more obliged to the company than Tata Workers’ Union. After the 1990, the company implemented a need and merit based approach and retrenched excess workers. It will be interesting to know about the managerial actions at Tata Steel and the response of workers at the shop floor, and the methods used by the company to obviate possible disturbances. And also, ‘How did trade unionism respond to these developments?’

1.5 Theoretical underpinning
1.5.1 Globalisation
Globalisation is rooted on neoliberal thinking; market and private property are its crucial components. It is claimed that if markets were allowed to function without restraint, they would optimally serve all economic needs, efficiently utilise all economic resources and automatically generate full employment for all persons who truly wish to work. By extension, the globalisation of markets would be the best way to extend these benefits to the whole world (Filho & Johnston, 2005).

Neoliberalism advocates the dominance of a competition-driven market model. Individuals in a society as autonomous, rational producers and consumers are motivated by economic or material concern. The policy interventions to increase employment either cause inflation or raise unemployment. The concept of full employment was abandoned and replaced with the notion of a ‘natural rate of unemployment’. The state restricts its roles to three functions only: defence against foreign aggression, provision of legal and economic infrastructure for the functioning of markets, and mediation between social groups in order to preserve and expand market relations (Harvey, 2005).
This development favours strong individual rights, the rule of law and the institutions of freely functioning markets and free trade. These are the institutional arrangements considered essential to guarantee individual freedoms. It needs freely negotiated contractual obligations between juridical individuals in the marketplace. The sanctity of contracts and the individual right to freedom of action, expression, and choice must be protected. The state must therefore use its monopoly of the means of violence to preserve these freedoms at all costs (Harvey, 2005).

By extension, the freedom of businesses and corporations (legally regarded as individuals) to operate within this institutional framework of free markets and free trade is regarded as a fundamental good. Private enterprise and entrepreneurial initiative are seen as the keys to innovation and wealth creation. Intellectual property rights are protected (for example through patents) so as to encourage technological changes. Continuous increases in productivity should then deliver higher living standards to everyone.

Industries or firms run or regulated by the state must be turned over to the private sphere and be freed from any state interference. Competition between individuals, firms, territorial entities (cities, regions, nations) is held to be a primary virtue and must be observed at ground level. In a situation where such rules are not clearly laid out or where property rights are hard to define, the state must use its power to impose or invent market system. Privatisation and deregulation combined with competition, is claimed to eliminate bureaucratic red tape, increase efficiency and productivity, improve quality and reduce costs. It works for the consumer directly through cheaper commodities and services and indirectly through reduction of tax burden. The state should persistently seek out internal reorganisation and new institutional arrangements that improve its competitive position in the global market (Harvey, 2005).

The free mobility of capital between sectors, regions, and countries is regarded as crucial. All barriers to that free movement (such as tariffs, punitive taxation arrangements, planning and environmental controls, or other locational impediments) have to be removed, except in those areas crucial to ‘the national interest’. State sovereignty over commodity and capital movements is willingly surrendered to the global market. International competition is seen as healthy since it improves
efficiency and productivity, lowers prices, and thereby controls inflationary tendencies. States should therefore collectively seek and negotiate the reduction of barriers to the movement of capital across borders and the opening of markets (for both commodities and capital) to global exchange (Harvey, 2005).

While personal and individual freedom in the marketplace is guaranteed, each individual is held responsible and accountable for his or her own actions and well-being. This principle extends into the realms of welfare, education, health care, and even pensions. Individual success or failures are interpreted in terms of entrepreneurial virtues or personal failings (such as not investing significantly enough in one’s own human capital through education) rather than existing socio-economic factor (ibid).

1.5.2 Trade unionism

This study hinges on the response and behaviour of trade unionism. The responses of trade unions become crucial to overcome the consequences by globalisation. Globalisation has left very few options to workers to counteract this development. Erupting violence in some industries is not good for industrial development. Trade unions help in institutionalizing the grievances. They enhance the material welfare of workers by improving working conditions and raising wages above the competitive level.

The question arises here is, what has been the role of trade unions in industry. The Ross-Dunlop debate of the 40s and 50s throws light on the behaviour of trade union. This debate is concerned with the nature of the union as an institution. How it behaved as private business enterprise or a political agency? Which disciplinary paradigms economics or politics were adopted in analyzing trade union behaviour?

Dunlop and Ross provide two different views about the behaviour of trade unionism. Dunlop presents Trade unions as economic institutions, whose main objective is the maximization of the total wage bill of the workers. It includes both wages and employment and is based on rational individual behaviour within the institutional constraints.

Though, Ross rejects the rational choice paradigm as a tool for analyzing union behaviour. He recognizes that the union is a complex political institution containing
workers with divergent objectives and leaders with strong interests in organisational survival. The behaviour of trade union requires incorporating political, sociological as well as economic analyses. Ross draws concepts borrowed from political science such as power, conflict, cross cutting pressures and the process of social comparison making for analysing the behaviour of trade union.

The word ‘political’ do not confine to government and political party interventions. In the collective bargaining process; the word ‘political’ refers to the internal institutional forces which operate within the union. The union leaders think survival, status or prestige as important criteria during wage determination rather than maximizing of the wage bill (Burton, 1984). The objectives of trade unionism could be specified as follows.

 ⇐ The provision of certain minimum level of acceptable benefits (both of the wage and non-wage variety) to rank and file members;

 ⇐ The institutional aim of the maintenance of the survival and growth of the union organisation;

 ⇐ The personal ambitions of the union leaders.

This debate is further extended in Freeman & Medoff’s (1979) concept of two faces of trade unionism. One is Monopoly unionism, which raises the wages above competitive levels, revolves around confined economic interests and is responsible for increasing inequality in labour market. And another is voice or collective unionism, and works as a vehicle for collective voice providing workers as a group with a means of communicating with management for the well-being of the working class and society. Existing literatures indicate that trade unionism hardly went beyond their sectional interests and mostly behave as monopoly unionism. The emerging situation in the globalised era of decentralised or enterprise based bargaining has further pushed them to adopt monopoly unionism behaviour. But for survival and increasing strength, the trade unions require behaving as a collective voice institution. Both views are illustrated in Table 1.3.
### Table 1.3 Faces of Unionism

<table>
<thead>
<tr>
<th>Monopoly face</th>
<th>Collective or institutional response face</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade union as inefficient agent</td>
<td>Trade union may increase economic efficiency</td>
</tr>
<tr>
<td>Union presence results only in increase in firm’s costs through the exercise of union monopoly power</td>
<td>Union presence results in both wage increase and higher efficiency/productivity - the net effect: profits unaffected or even increased.</td>
</tr>
</tbody>
</table>

Source: Burton, 1984

A noticeable trend that has emerged in the globalised era is the workers’ discontents with trade unionism. The question here is why the skilled and informed workers not participate in trade union activities. Why do lower rung workers prefer NGOs or non-political unions? Dissatisfaction of workers in trade unionism could be explained through Hirschman’s (1970) concept of ‘Exit and Voice’. The exit-voice taxonomy is employed in any organisation which fails to achieve the performance desired or expected by its members. Members of any volunteer organisation have two options: if the organisation is unable to provide benefits, they can either choose the exit option, i.e. withdrawal from the organisation for a preferential arrangement, or apply the voice option participating to a greater extent in the internal affairs of the organisation in order to make dissent felt and to change the behaviour within.

Like any volunteer organisation, workers may exit from the unionised to non-unionised status. They may prefer another union, the performance of which is perceived as superior and organised in the same employment area. Exit option depends upon HRM strategies, management’s restrictions and willingly opting non-unionised status. For ‘voice’ option, workers may invest their own time in greater direct participation in union affairs, in attending more meetings, voting in union elections, etc. They may throw their voting and lobbying support behind an aspiring candidate for union leadership who promises a performance over and above that of the incumbent leaders.

This study incorporates all issues mentioned above as political/economic institution, monopoly/collective face unionism and exit/voice option through a case study of trade unionism in Tata Steel Jamshedpur since 1991. Based on these theoretical assumptions, the thesis examines the responses and behaviour of trade unionism on the following aspects.
1. Did Trade union in Tata Steel, Jamshedpur behave as an economic institution or a political institution in globalised era?

2. How did Trade unionism in Tata Steel, Jamshedpur emerge as monopoly unionism / collective voice institution?

3. Which are the options - exit or voice - found dominant among the workers of Tata Steel Jamshedpur?

4. Has trade unionism in Tata Steel, Jamshedpur been a democratic, non-corrupt organisation?

1.6 Analytical framework

The New economic Policy in India intensified the competition, and industries responded to it through enhancing productivity, infusing technology and reducing cost. Tata Steel has also been impacted by these developments. Free market economy provided opportunities to expand its business and search markets worldwide. Tata Steel was forced to close old plants and start new plants with high capital investment, induction of modern technology and new management initiatives. These steps seem to have impacted the working class. This study will analyze the restructuring process, their outcomes and consequences on workers and response of trade unionism in Tata Steel based on the following analytical framework.
<table>
<thead>
<tr>
<th>Globalisation</th>
<th>Restructuring</th>
<th>Consequences</th>
<th>Trade unionism</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital investment</td>
<td>Expansion in products and volume, installing new</td>
<td>Required small, skilled and knowledgeable workers,</td>
<td>Supported management for survival of industries,</td>
<td>Efficiency and</td>
</tr>
<tr>
<td>Technology</td>
<td>plants, closing old plants</td>
<td>manual workers became surplus</td>
<td>resisted and negotiated for surplus workers for</td>
<td>productivity</td>
</tr>
<tr>
<td>Management techniques</td>
<td>Modernised plants, automation, labour saving</td>
<td>Work intensification, flexibility in work and time</td>
<td>better benefits in case of retrenchment</td>
<td>Quality product, Job</td>
</tr>
<tr>
<td>Deregulation</td>
<td>technology</td>
<td>Stress on individual relations and development,</td>
<td>Support management for shared interest of</td>
<td>and better wages for</td>
</tr>
<tr>
<td>Market dominance</td>
<td></td>
<td>performance and more involvement</td>
<td>corporate survival</td>
<td>skilled workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Easy hire and fire; Contractual system, Outsourcing,</td>
<td>Having pragmatic view, confined to sectional</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Informalisation</td>
<td>interest</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stress on employability or skill development</td>
<td>Resist liberalisation policy at national level;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Unable to organise casual or contract workers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Unable to keep rigid and protective labour market</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>More precarious job</td>
<td></td>
</tr>
</tbody>
</table>
1.7 Research methodology
The research methodology used for this study is the case study approach, and qualitative methods are for data analysis. Both primary and secondary data are utilized for the study. Primary data has been collected through interviewing, document analysis of Tata Steel and Tata Workers’ Union and participant observant. Secondary data has been gathered from secondary literature, development and annual reports, etc.

1.7.1 Case study approach – It is a widely used research instrument. A dictionary of social science methods defines case study as ‘a more or less intensive investigation of one particular individual, group, organization or locale (quoted in Liggett, 2005). In this case, the study is trade unionism in a defined organization, say Tata Steel, Jamshedpur over a defined period of time (in this case 1992-2013). Case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidences. The approach chosen for this study is to offer explanations for the dynamics of change, the reasons for change and its directions. This study involves a single, large, in depth case study of trade unionism over time.

1.7.2 Data sources
For broader coverage of the issue, a total of 100 respondents have been selected purposively (Table 1.5) besides 10 key informants. In the selection of respondents, the following points have been kept in mind:

- Major events which have affected the workers most and the responses of the trade union.
- Facts about recognized Trade Union- Tata Workers Union - in terms of internal democracy, elections, leadership, bargaining position at plant level and enterprise level.
- Role of Trade Union in individual cases like suspension, discharge or disciplinary action on worker.
- Influences of other registered Trade Unions, informal group and political parties.
- Issues of contract workers.
Further, interviews have been conducted and canvassed through some best known qualitative study techniques for better understanding of the issues and to collect the narratives. These techniques are:

- Participant observation - the researcher has been associated with Tata Steel since 1991;

- Face to Face interviews conducted with selected respondents through semi-structured/open ended schedules; and

- Reports published in local newspapers, annual reports, trade union records and secondary sources from development and annual reports of steel industry.

### Table 1.5 Details of selected respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Experienced</th>
<th>Other features</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular worker</td>
<td>&gt; 20 years</td>
<td>Steel wage</td>
<td>10</td>
</tr>
<tr>
<td>Regular worker</td>
<td>10-20 years</td>
<td>Steel wage</td>
<td>10</td>
</tr>
<tr>
<td>Regular worker</td>
<td>&lt; 5 years</td>
<td>Non-Steel wage</td>
<td>10</td>
</tr>
<tr>
<td>Contract worker</td>
<td>&gt; 5 years</td>
<td>Minimum wage</td>
<td>10</td>
</tr>
<tr>
<td>Contract worker</td>
<td>&lt; 5 years</td>
<td>Minimum wage</td>
<td>10</td>
</tr>
<tr>
<td>Female worker (R+C)</td>
<td>NA</td>
<td>Steel wage</td>
<td>3+7</td>
</tr>
<tr>
<td>Officials (Ex+ present)</td>
<td>NA</td>
<td>Recognised TWU</td>
<td>5+5</td>
</tr>
<tr>
<td>Committee members</td>
<td>NA</td>
<td>TWU</td>
<td>10</td>
</tr>
<tr>
<td>Officials</td>
<td>NA</td>
<td>Other trade unions</td>
<td>10</td>
</tr>
<tr>
<td>Informal groups</td>
<td>NA</td>
<td>Employee offspring</td>
<td>7+3</td>
</tr>
</tbody>
</table>

NA- Not applicable

### 1.7.3 Key informants for this study

1) TWU committee member
2) TWU committee member and leader of workers’ offspring
3) Honorary Secretary TWU
4) Vice President TWU
5) General Secretary Unorganized Workers’ Union
6) District Secretary CPI
7) Permanent worker (More than 20 years’ experience)
8) Superannuated worker (early separation)
9) New entrant (less than 5 years’ experience)
10) Retired Divisional Manager
1.8 Limitation of the study
This study is concentrated on a particular firm, Tata Steel, Jamshedpur and a particular trade union, Tata Workers’ Union. It provides in-depth and detailed picture of firm level restructuring process and behavior of a particular trade union. Its findings could not be generalized. It is a limitation of this study.

1.9 Outline of Thesis
The thesis is divided into seven chapters, and organized as follows.

The First chapter presents introduction about “Globalisation and Industrial Working Class in India: A case study of Trade Unionism in Tata Steel Jamshedpur” through several headings such as motivation of the study, statement of the problem, research objectives, setting of the study, theoretical underpinning, analytical framework, research methodology, and limitation of the study.

The second chapter reviews the literature pertaining to the issues raised as research objectives and statement of the problem under the headings, theoretical and empirical reviews. The issues covered under the heads are: globalization- definition and concept, globalisation and labour, globalisation in India, Restructuring, globalisation and employment patterns, globalisation and labour market, Industrial Relations, Steel industries, Trade unionism, Trade Unionism in India, NGOs verses Trade unions, Struggle of informal workers, responses of trade unions, Trade union protests, Tata Steel, Trade unionism in Tata Steel, etc.

The third chapter is based on the first cited objective. This chapter details the economics of globalisation, competitiveness, restructuring, economic development in India (1950-91), industrial development (1950-91), India after 1990, steel industry and conclusions.

The fourth chapter is based on the second objective. It looks at globalisation effects at the firm level i.e. Tata Steel, Jamshedpur. The chapter covers sub-heads such as restructuring, outcomes and consequences on workers. Restructuring includes several sub-heads such as an introduction, analytical framework, Tata Steel - pre-1990, two contrasting views about social philanthropy, restructuring specific to Tata Steel. Under the sub-head modernisation, labour restructuring during the tenures of Dr. Irani, Mr. B. Muthuraman and Mr. H. M. Nerurkar is analyzed. The sub-head
Outcomes captures the performance of Tata Steel in terms of Hot Metal Production, Gross Revenue, and Profit after tax, economic value added, number of workers, labour productivity, labour cost, and ratio of labour cost to PAT, social expenditure, and ratio of social expenditure to PAT. The sub-head Consequences captures employment scenario in Tata Steel in 1970s-80s, and the impact of restructuring on workers after 1990.

The fifth chapter is based on the third objective. It acknowledges the behaviour and responses of trade union i.e. Tata Workers’ Union after 1990. The chapter is divided into three parts. The first part describes the responses of trade unionism through several headings and subheadings such as introduction, brief about trade unionism in India and Tata Steel, theoretical underpinnings and analytical framework. The second part covers the findings in three sub-heads such as strength, union management relations and responses to major events. The third part provides conclusions.

The sixth chapter outlines the trajectory of labour politics in India in general and Jamshedpur in particular. The chapter narrates the condition of labour politics under the heads introduction, labour politics in India, and labour politics in Jamshedpur. The head Labour politics is further divided into three sub-heads such as brief profiles of Jamshedpur, labour politics in pre-independence era and post- independence. The last part looks at the emerging labour politics in the globalised era.

The seventh chapter provides the findings of the study under three heads, i.e. Summery, implications and recommendations to the government, and employers and the trade unions.